

DETERMINATION AND FINDINGS (D&F)

On

Interagency Orders Under the Economy Act

1. I have reviewed the general FY04 requirements for Federal Stock Group (FSG) 65 commodities, their repair, professional services as defined by DFARS 237.104(b)(ii), specialized repair services for medical facilities and their unique building systems, physical plant operations, services on Federal Supply Schedule (FSS), services for use by more than one Air Force Medical Treatment Facility (MTF), or any other medical unit associated with the Air Force Surgeon General's office that may be placed with the Department of Veterans Affairs (VA) Special Services (VASS) contracting office located at Fort Detrick. The findings resulting from this review are set forth below:

- a. The proposed acquisitions are authorized under the authority of the Economy Act. Historically several MTFs funded contracting positions within their local base contracting offices to provide contracting support. Due to downsizing in the early 90's, these positions were lost and base contracting offices were no longer able to support the volume generated by MTFs. Unlike the Army and Navy, the AF never established a centralized and specialized medical contracting support activity. In response to this downsizing, the AF Medical Logistics Office (AFMLO) entered into a service level agreement with the VA to establish the VASS. This office is staffed with VA contracting officers and support staff specializing in medical commodities and services. The VASS provides 16 contracting officers and support staff to exclusively support the medical procurement needs for the entire AF Medical Service (AFMS). The VASS is capable of consolidating AFMS requirements from multiple facilities with those of the VA and leverage this buying power into prices lower than those achievable at base level. Procurements are made against both FSS and open market solicitations in accordance with Federal Acquisition Regulation (FAR) guidelines.**
- b. The AF is legally authorized to acquire these services.**
- c. Adequate funds are available. AFMLO estimates approximately \$300M will be procured through the VASS during FY04.**
- d. The action does not conflict with any other agency's authority or responsibility. In 1981, the General Services Administration delegated FSS contracting authority for FSG 65 commodities to the VA. As such, the VA is a required source of supply under FAR Part 8.**
- e. The supplies or services cannot be provided as conveniently or more economically by private contractors under an AF contract. The manpower dedicated at VASS results in Procurement Acquisition Lead Time (PALT) average of 30 days. This is significantly faster than what we historically experienced using base contracting activities where PALT sometimes ran 12 months. Based on the volume through VASS, they are able to leverage lower pricing not available in smaller purchase quantities. The MTF still reserves the right to evaluate the most convenient or economic means to procure their requirements and may choose to utilize the base contracting activity.**

f. The VASS contracting office possesses specialized expertise in the medical industry not normally available at installation-level contracting offices. First, their primary focus is the procurement of medical commodities and services. Through the years, they have developed a depth and breadth of marketplace knowledge and experience that yield substantial savings to its customers. Second, they have experience with Joint Commission on Accreditation of Healthcare Organizations (JCAHO) and are intimately familiar with their standards. They routinely incorporate and cite JCAHO standards in their contracting actions. Third, neither base-level MTFs nor installation-level contracting offices possess the appropriate knowledge and skill sets to adequately perform procurement support to the level of expertise and success that the VASS and AFLMO team provide in a centralized manner at Fort Detrick. They expedite procurements, maximize value, and provide an unprecedented level of support to field medical activities. The synergy of this arrangement provides a unique capability supporting the medical logistics needs of the AF.

g. The VASS is capable of accepting and satisfying all medical and medical facility related requirements identified by AF MTFs. Historically, the VA has added staff as necessary to accommodate workload increases. They are also capable of transferring volume to other VA contracting offices, if necessary, to meet customer delivery date requirements at the lowest possible price.

h. The commodities and services are clearly within the scope of the VASS. The VASS is part of a system of contracting activities supporting a network of over 1,300 VA healthcare facilities.

i. The cost to use the VASS is reasonable and completely offset by cost savings achieved through volume discounts. The VASS charges a 1% administrative fee for commodities and services on FSS and 2% for open market requisitions. There also exists a minimum charge of \$175 and a maximum of \$25,000. In FY03, the VASS had a cost avoidance for the AF of \$6.9M compared to \$2.1M in total fees. This represents a delta of \$4.8M in overall cost avoidance for the AFMS.

j. The contract administration procedures related to the VASS's contracts are in accordance with the FAR and are adequate for AF requirements. The VASS's co-location with the AFMLO field-operating agency at Fort Detrick provides immediate access to HQ AF/SG medical equipment, supply, maintenance, and facility experts. This unique association provides unprecedented levels of communication to address any issue, avoiding delays in procurement.

k. All approvals and authorizations required by AF and/or DOD policies for acquiring supplies or services have been obtained.

l. The requirements are bona-fide needs of the AF.

2. Given the findings outlined above, I hereby determine that it is in the best interest of the government that orders be placed by the VASS contracting activity under the authority of the Economy Act for Federal Stock Group (FSG) 65 commodities, their repair, medical professional services as defined by DFARS 237.104(b)(ii), specialized repair services for medical facilities, physical plant operations, and their unique building systems, services on Federal Supply Schedule, services for use by more than one AF

MTF, or any other medical unit associated with the Air Force Surgeon General's office at the attached locations. This D&F applies to locations listed in attachment 1 and expires on 30 September 2004.

A handwritten signature in black ink, reading "James G. Roudebush". The signature is fluid and cursive, with a large loop at the end of the last name.

JAMES G. ROUDEBUSH, Major General, USAF, MC
Deputy Surgeon General

Attachment:
Base/Location Listing

AMC
SCOTT
CHARLESTON
ANDREWS
TRAVIS
MCCHORD
MCGUIRE
POPE
DOVER
FAIRCHILD
MCCONNELL
GRAND FORKS
MACDILL

AETC
SHEPPARD
KEESLER
SHEPPARD
COLUMBUS
VANCE
GOODFELLOW
LACKLAND
RANDOLPH
LAUGHLIN
MAXWELL
ALTUS
LITTLE ROCK
TYNDALL
LUKE

AFMC
WILL
TINKER
ROBINS
WRIGHT PATTERSON
EDWARDS
EGLIN
HANSCOM
BROOKS
KIRTLAND
ARNOLD

PACAF
ELMENDORF
EIELSON
YOKOTA
MISAWA
ANDERSEN
HICKAM
KADENA
KUNSAN
KIMHAE
OSAN

USAF
AIR FORCE ACADEMY

ACC
MINOT
OFFUTT
BARKSDALE
WHITEMAN
DYESS
BEALE
ELLSWORTH
LANGLEY
HOLLOMAN
SHAW
SWA (OS)
SEYMOUR JOHNSON
NELLIS
CANNON
DAVIS-MONTHAN
MOUNTAIN HOME

USAF
RHEIN MAIN
LAJES (OS)
LAKENHEATH
SPANGDAHLEM
RAMSTEIN
INCIRLIK
AVIANO

SPACECOM
PETERSON
BUCKLEY ARB
PATRICK
LOS ANGELES
VANDENBERG
F E WARREN
MALMSTROM
SCHRIEVER

AFSOC
HURLBURT
MOODY

11 WING
BOLLING

AFRES
MARCH ARB

AFMSA/SGSLW
FT WORTH (BROOKS CITY BASE)